

THE TENDENCY OF THE INTERNATIONAL TRADE OF ROMANIA AND CHINA - A COMPARATIVE ANALYSIS

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Abstract

Today, China's economy is the second largest in the world, after the U.S. and followed closely by Japan's economy on the 3rd place, being a model for other countries, given that it overcame the crisis without major shocks and even recorded more new achievements. After the revolution of 1989, the Romanian economy leaving the Communist leadership, a system that exists in China, has gone through dramatic changes that have generated a total reconfiguration of the foreign trade. At the same time, the economic and political instability have had seriously reverberations on the Romanian economy, manifested by increasing prices, reducing the salaries or the wage gains, reducing number of jobs and so increasing the unemployment rate, the growth rates of credit due to devaluation of the national currency, increasing the value added tax, reducing consumption, etc. Between China and Romania there are bilateral economic relations, China representing the fifth partner of Romania in import transactions, so, in this paper we will try to conduct an analysis of the economic situation of Romania versus China's economy, economy which has stunned the whole world. The aims of this paper is to identify the similarities and differences in terms of the tendency of evolution of the main indicators characterizing the two countries' economies, the fact that Romania has changed the partners on the international markets lately, also identifying the main categories of products and services for which Romania and China have entered the export-import relations.

Keywords: Trade, import, export, Romania, China

Introduction

China has attracted the interest of several specialists in various fields, but especially of economists who have attempted to analyze the economic boom of the Chinese economy and to determine the internal and external

factors that have contributed to this positive development.

As discussed by Lin and Justin Yifu, (2003), Lin, Justin Yifu and Miaojie Yu. (2008), Yao-Yu (2009) or Wei Tian and Miaoje Yu (2012), after winning its political independence, China had adopted initially a heavy industry-oriented development strategy. Considering that, China did not have sufficient capital to finance heavy industry, it had to over-value its currency and adopt a strategy for substitution the import by setting high import tariffs for foreign products in accordance with the idea of infant industry protection. In this way, the Chinese economy became isolated from the other countries' economies. As a result, the openness ratio was only 10% in the early 1970s, with around 5% of the export–GDP ratio and another 5% of the import–GDP ratio.

Historically, China has been profusely relative to labor and capital scarce. Therefore, the marginal productivity of labor has been relatively low. With the combination of China's low-cost labor and low-cost foreign capital and intermediate inputs, manufacturing in China is economically highly efficient. This structure of China's export manufacturing sector has enabled dramatic growth (Wei Tian, Miaoje Yu, 2012).

During the second half of the 2000s, China played a major part in the rise of global imbalances. The country accumulated huge current account surpluses derived mainly from its trade with the US and with the EU. Since 2007, international trade has slowed down and the scale of global imbalances has been reduced. China's processing trade and ordinary trade have evolved differently and the distinction is helpful to understand the rise and fall of its trade imbalances.(Françoise Lemoine & Deniz Ünal, 2012). Since the global crisis erupted in 2007, China has considerably reduced its trade surplus. China's exports have slowed down, its imports have rebounded rapidly, and the deterioration of its terms of trade has accelerated the trade rebalancing. The crisis has put an end to export - led growth in China, but its presence in world markets has continued to increase.

The distinction between the two main customs regimes, i.e. processing and ordinary trade is now a well- known feature of China's trade. It is one of the reasons why China is "so special" in its way of integrating with the world economy (Rodrik 2006; Amiti and Freund 2010; Poncet and Jarreau 2012). Ordinary trade encompasses exports mainly based on local inputs and imports aimed at domestic use; processing trade corresponds to the duty-free imports of goods to be assembled for re-export and the related exports. These trade flows have evolved differently and the distinction is helpful to understand the rise and fall of China's trade imbalances.

After China's accession to the WTO, China's trade, including both processing and ordinary trade, increased very fast. China's share of exports to world exports doubled from 4% in 2001 to 8% in 2008.

The growth triggered in 2007 (13% compared with 2006) has ensured China the third place in the world rankings of the most powerful economies, after the U.S. and Japan, ahead of Germany.

Exports of goods and investment were the main areas that have sustained momentum of development of the Chinese economy. Amid the global financial crisis and reduction of import demand in international markets, economic growth fell to 9 percent in 2008, but remained far above the world average (2,5%). (CRPCIS, 2009).

Since 2009, China has been the second largest power in the world after the U.S. The evolution of private consumption in this country will thus have an impact on its foreign trade balances. Over the past ten years investment has been the principal engine of China's growth. The transition to a new development model, based on mass consumption, is taking time and needs to be supported by far-reaching reforms of its economic and social system. (Françoise Lemoine & Deniz Ünal, 2012).

In 2012, the main concern of the Chinese economy was taking necessary measures to counter the decline in the pace of economic growth, due to the existing uncertainties in the global economy, anchored, first and foremost, to the problems created by the euro-zone debt crisis and slow recovery of the American economy.

According to data provided by the Romanian Center for the promotion of Trade and foreign investment (CRPCIS), in the year 2010, the total value of China's imports are amounted to over 1394,29 billion dollars, registering an increase of 38,7% from the previous year. In the period 2005 – 2009, the average annual growth rate of imports in China was 13%. The top 10 partners of China were Japan, South Korea, Taiwan, USA, Germany, Australia, Malaysia, Brazil, Thailand and Saudi Arabia.

On the basis of the data available on the Eurostat, EU27 in which Romania has been a member since 2007, international trade in goods with China has grown significantly over the last decade. EU27 exports to China rose continuously from 26 billion euro in 2000 to 136 bn in 2011. Despite the general decline in EU27 exports in 2009, EU27 exports to China continued to increase. EU27 imports from China rose from 75 bn in 2000 to 248 bn in 2008, then declined to 214 bn in 2009, following the general downward trend in EU27 imports, before reaching a new peak of 293 bn in 2011. As a result, the EU27 trade deficit with China which had increased from 49 bn in 2000 to a peak of 170 bn in 2008, fell to 156 bn in 2011. EU27 exports and imports of services with China grew between 2009 and 2011. In 2011, the EU27 exported 25,1 bn euro of services to China, while imports from China amounted to 17,5 bn, meaning that the EU27 had a surplus of 7,5 bn in trade in services with China, compared with +5,7 bn in 2009 and +6,6 bn in 2010. China accounted for around 4% of total extra-EU27 trade in

services. (Eurostat, 2012). After 2000, there has been a tendency to reestablish the bilateral trade so that, at the end of 2011, the Romanian exports in the People's Republic of China has reached 544 million dollars in value. At the same time, thanks to the vigorous and aggressive expansion of Chinese exports on the international market, especially due to the offering of products at very low and attractive prices, imports from the People's Republic of China have increased strongly, in 2011, at 3,54 billion dollars, resulting in a negative trade balance in favor of Romania. Although the effects of the global economic crisis were felt in the economic and social area of Romania, its exports to the Republic of China continued their upward trend, so that at the end of the year 2011 the highest Romanian exports on the Chinese market has been registered.

Evolution of the Chinese and Romania economies - a comparative analysis

In the context of the profound and spectacular mutations, with broad implications not only nationally but also regionally and globally, it is natural that more and more specialists should speak of “the rise of a new global super-power”. “The world power of the nineteenth century was the United Kingdom. In the twentieth century, this role was played by the U.S. At the beginning of the twenty-first century, with a population of over one billion people and the second largest economy in the world, China is about to become the new super-power”¹⁸. Economic performances of China are really impressive and an up-to-now development extrapolate indices that foresee that in 2020 the country would become the greatest world power¹⁹. (Corneliu Russu, Marius Bulearcă, 2012). Today, China accounts for 10% of all global exports, and it has become the largest exporter in the world. In contrast, (WeiTian, MiaojeYu, 2012), Romania’s international trade share is smaller than that of China at 0,34% of world exports. Since take off, China adopted an export-led development strategy which is consistent with its comparative advantage driven by the country’s factor endowments. China's commercial opening was 44% in 2000, the year before accession to the WTO. After becoming the 143th WTO member in 2001, China's foreign trade has grown at an accelerated rate. Its trade openness ratio peaked at 72% in 2007 but the global financial crisis eroded the openness ratio to 65% in 2008. China's contribution to WTO budget in 2012 is 7,286%. The planned economy,

¹⁸ J. Farndon, *Secrets of China*, Publishing House “Litera International”, Bucharest, 2007 cited by Corneliu Russu and Marius Bulearcă in *Chinese Economic Reform and the Romanian-Chinese Economic Relations*. Bulletin Petroleum - Gas University of Ploiesti Vol LXI, No. 4-2009, Economic Sciences Series.

¹⁹ P. Hirst, G. Thompson, *Globalization in question*, Publishing House “Trei”, Bucharest, 2002, pp. 213.

combined with an increase in domestic demand will ensure propagation of price-value equation, an advantage of China in relation to developed countries. Best indicator that may characterize an economy is in our opinion an overall GDP but also per person. We have detailed data on the GDP share of the three economic sectors: agriculture, industry and services.

Table no. 1 - The structure of China's GDP in the period 2000-2011

China	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
GDP (constant 2000 US\$) billion \$	1.199	1.298	1.417	1.558	1.715	1.909	2.152	2.457	2.693	2.941	3.247	3.548
GDP per capita (constant 2000 US\$)	949	1.021	1.106	1.209	1.323	1.464	1.641	1.864	2.033	2.208	2.426	2.640
Agriculture, value added (% of GDP)	15	14	14	13	13	12	11	11	11	10	10	10
Agriculture, value added (annual % growth)	2	3	3	2	6	5	5	4	5	4	4	4
Industry, value added (% of GDP)	46	45	45	46	46	47	48	47	47	46	47	47
Industry, value added (annual % growth)	9	8	10	13	11	12	13	15	10	10	12	10
Services, etc., value added (% of GDP)	39	40	41	41	40	41	41	42	42	43	43	43
Services, etc., value added (annual % growth)	10	10	11	9	10	12	14	16	10	9	10	9

Source: http://databank.worldbank.org/ddp/home.do?Step=2&id=4&hActiveDimensionId=WDI_Time

According to the data in Table 1, it can be seen that during the period from 2000 to 2011, GDP recorded significant growth, tripling in 2011 compared to 2000, reaching 3548 billion dollars in 2011 from 1199 billion dollars in 2000. China has an extremely large population amounting to 1.344.130 thousand persons in 2011, but however it's GDP per capita has considerable value growing from year to year, registering growth even in the

period 2008 - 2011 , a period marked by global economic instability. Thus, if in 2000 China recorded a GDP per capita of \$ 949, in 2011 this indicator increased to \$ 2.640.

The data indicates the structure of China's GDP from 2000 to 2011, too. It is easy to remark balance maintained from year to year in the sense that the share of the three major sectors of the economy namely agriculture, industry and services remain almost constant. It may be noted that if the developed economies of the world have placed great focus on services development, China has maintained moderation in this sector. China continued maintenance of the industry as the main component of economic development, this represents between 46% and 48% from GDP. The industry is followed closely by the tertiary sector which registers an increase of 4% from the year 2000 until 2011 (39% in 2000 to 43% in 2011), increase that appears on the expense of agriculture which dropped from 15% in 2000 to 10% in 2011.

For a better image we present the same indicators for Romania, indicators that are low as compared to China, without trying to make a comparison of absolute values that would be useless, but only a comparison of trends.

Table no. 2 - The structure of Romania's GDP in the period 2000-2011

Romania	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
GDP (constant 2000 US\$) Mild \$	37	39	41	43	47	49	53	56	61	56	57	57
GDP per capita (constant 2000 US\$)	1.651	1.770	1.888	1.992	2.165	2.260	2.444	2.596	2.845	2.607	2.637	2.633
Agriculture, value added (% of GDP)	13	15	13	13	14	10	11	9	7	7	7	7
Agriculture, value added (annual % growth)	-18	28	-6	5	22	4	3	6	8	6	3	2
Industry, value added (% of GDP)	36	37	38	35	35	35	37	35	25	26	26	25
Industry, value added (annual %)	6	7	6	5	6	32	-16	6	8	6	4	4

growth)												
Services, etc., value added (% of GDP)	51	48	49	52	51	55	52	56	68	67	67	68
Services, etc., value added (annual % growth)	4	4	6	7	7	-11	23	6	8	6	7	2

Source:http://databank.worldbank.org/ddp/home.do?Step=2&id=4&hActiveDimensionId=WDI_Time

It can be seen that in Romania's case, between 2000 and 2008 the registered GDP grew, after that, significant decreases are observed. This aspect is not present in China's case. In Romania, the economy, less consolidated than in China, was affected by the economic instability triggered at the end of 2008. In terms of GDP per capita, for a population of 21.390.000 inhabitants in 2011, it is found to be comparable to China in absolute terms and even higher. Thus, if in 2000 the Romania's GDP per capita was \$ 1.651, in China in the same year, this indicator had a lower value, of only \$ 949. In 2008, the year when in Romania began a decrease of this indicator, this value was \$ 2845, peaking in the studied period, while in China it was \$ 2,033. In the last year of analysis, 2011, both in Romania and China, the GDP/capita have similar values, China outpacing Romania a little (in Romania \$ 2.633 and \$ 2.640 in China).

Regarding the participation of national economy to achieve GDP, in Romania we find a different evolution as compared to the China case, in the sense that, the tertiary sector represents an overwhelming majority in achieving GDP throughout the analysed period. It is noted that in 2000 the contribution to GDP was: agriculture 13%, industry 36% and services 51%. In 2008, the shares were: 7% agriculture, 25% industry and 68% services. After a slight appreciation of the industry starting with the 2009, in 2011 the situation was similar to 2008.

So, we can say that China's economy is an economy based on industry and services equally, while the Romanian economy follows EU's countries model and is based mainly on services.

International trade of Romania compared with that of China

Both Romania and China are members of the World Trade Organization (WTO): Romania since 1 January 1995, with a foreign trade policy review in July 2011, and China since December 11, 2001, year which represents a springboard for Chinese international trade, and whose foreign trade policy was revised in 2012. China's Contribution to WTO budget in the

year 2012 was about 7,29%, that is incomparably higher than Romania's contribution which represents only 0.37%. If we refer to the notifications received by each country to the WTO, the number of disputes recorded, the situation is as follows:

Tabel no. 3 - Number of notifications to WTO and number of disputes

Number of notifications to WTO and measures in force	China	România
Outstanding notifications in WTO Central Registry	15	25
Goods RTAs - services EIAs notified to WTO	10 - 9	33 - 10
Anti-dumping (30 June 2011)	115	140
Countervailing duties (30 June 2011)	2	11
Safeguards (26 October 2011)	0	0
Number of disputes (complainant - defendant)	China	România
Requests for consultation	10 - 28	87 - 74
Original panel / Appellate Body (AB) reports	7 - 9	36 - 30
Compliance panel / AB reports (Article 21.5 DSU)	0 - 0	4 - 4
Arbitration awards (Article 22.6 DSU)	0 - 0	4 - 3

Source: <http://stat.wto.org/Home/WSDBHome.aspx?Language=E>

It is noted that the Outstanding notifications in WTO Central Registry for China is 15 as compared to 25 for Romania, RTAS Goods - services EIAs notified to WTO for China is for Romania 10-9 and 33-10. It is also noted that Romania needed consultations many more times than China, often as complainant as well as as defendant. Romania received arbitration 4 times as defendant and the same time as complainant as compared to China which called for no arbitration at all.

The situation of the main indicators characterizing international trade for China are shown in the table below:

Tabel no. 4 - International trade for China in the period 2000-2011

CHINA	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Exports of goods and services (% of GDP)	23	23	25	30	34	37	39	38	35	27	31	31
Exports of goods and services (BoP, current mld US\$)	279	299	365	485	658	836	1061	1342	1582	1333	1744	2087
Exports of goods and services (annual % growth)	32	10	28	28	27	24	24	20	8	-10	28	9
Goods exports (BoP, current mld US\$)	250	267	326	439	594	763	970	1221	1435	1204	1582	1904
Goods imports	215	232	281	393	534	628	751	904	1074	954	1327	1660

(BoP, current mld US\$)												
Imports of goods and services (annual % growth)	25	13	16	31	30	13	16	14	4	4	20	5
Imports of goods and services (BoP, current mld US\$)	251	271	328	449	607	712	852	1034	1232	1113	1520	1898
Service exports (BoP, current mld US\$)	30	33	40	47	65	74	92	122	147	129	162	182
Service imports (BoP, current mld US\$)	36	39	46	55	72	83	101	130	159	158	193	238
Trade in services (% of GDP)	6	5	6	6	7	7	7	7	7	6	6	6

Source: <http://databank.worldbank.org/ddp/home.do?CNO=2&Step=12&id=4>

The data in Table 5 showed that in China the share of exports of goods and services in GDP is 23% in 2000, with an increasing trend until 2006, followed by a slight decline, becoming more pronounced after 2008, due to the difficulties that have arisen in the world market. In the last years of our analysis, the situation seems to return, registering a growth, respectively 28% in 2010 and 9% in 2011. It is also noted that, throughout all the period, the export of goods significantly surpasses the import, registering a positive balance. Thus, if in 2000, China exported goods worth 250 billion dollars and imported goods worth 215 billion dollars, in 2011, the value of exported goods was about 1904 billion dollars, with 244 billion dollars more than the imports. The services had recorded increases both in exports and imports. In this case we can say that there is a lack of services in China's economy, imports outpacing exports services over the period analyzed, but comparing the values of exports and imports of goods, we can see that they represent very little, from 6% in 2000 to maximum 7% in 2008 from the total trade in goods and services. Thus, if in 2000 China exported services worth 30 billion dollars and imported worth 36 billion dollars, in 2011, the exported services were worth 182 billion dollars and for imported services, 238 billion dollars.

Detailing China's trade in services, according to the data provided by the WTO the situation is as follows:

Tabel no. 5 - China's services trade with the world in the period 2007-2011

Reporter	Flow	Indicator	Partner	2007	2008	2009	2010	2011
China	Exports	Commercial services (Services excl. government services)	World	121654	146446	128599	170248	182433
	Exports	Other commercial services (Commercial services - Travel & Transport)	World	53097	67185	65356	90224	98307
China	Imports	Commercial services (Services excl. government services)	World	129254	158004	158107	192174	236531
	Imports	Other commercial services (Commercial services - Travel & Transport)	World	56198	71518	67832	74037	83612

Source:<http://stat.wto.org/ServiceProfile/WSDBServicePFView.aspx?Language=E&Country=RO,CN>

We can conclude that most of the exports of services are occupied by commercial services, including transport and tourism services, services which registered a decline in 2009, and for the remaining period we can observe an increase. The same trend is also in imports of services. These are higher than export of transport services and travel and lower for other service categories including telecommunications, financial services, etc.

According to the data provided by the WTO in 2011, China's foreign trade structure by product category and the main partners, is shown in the table below:

Tabel no. 5 - Structure of China's imports and exports by product category and the main partners in 2011

Share in world total exports	10,4	Share in world total imports	9,46
Breakdown in economy's total exports		Breakdown in economy's total imports	
By main commodity group (ITS)		By main commodity group (ITS)	
Agricultural products	3,4	Agricultural products	8,3
Fuels and mining products	3,1	Fuels and mining products	29,6
Manufactures	93,3	Manufactures	59,2
By main destination		By main origin	
1. European Union (27)	18,8	1. European Union (27)	12,1
2. United States	17,1	2. Japan	11,2
3. Hong Kong, China	14,1	3. Korea, Republic of	9,3
4. Japan	7,8	4. Taipei, Chinese	7,2
5. Korea, Republic of	4,4	5. United States	7,1

Source: <http://stat.wto.org/ServiceProfile/WSDBServicePFView.aspx?Language=E&Country=RO,CN>

It is noted that in 2011 China contributed 10,4% to the total world exports and 9,46% in the total world imports. By categories of goods, in 2011, China exported: 3,4% agricultural products, 3,1% fuels and mining products, 93,3% manufactures and imports 8,3% agricultural products, 29,6% fuels and mining products and 59,2 % manufacturers.

As main partners, we noted that for both, import as export, the first is the European Union, of which Romania has been part since 2007. United States ranks 2 to achieved exports to China and Japan to Imports. An important partner both in terms of exports (rank 5) and imports (rank 3) is the Republic of Korea. (WTO, 2012)

In world trade in 2011, China was the first country on export of goods and the second on imports of merchandise. It also ranks 4 in the hierarchy of commercial services exports and it ranks 3 on imports of commercial services. (WTO, 2012)

To perform a comparative analysis, we presented data on international trade in Romania which is ranked on 53 place in World trade in 2011 in the case of exports of goods and on 52 place on exports of services. Regarding the imports of goods, Romania is ranked 41 in world and in the commercial services on 55 place.

Tabel no. 6 - International trade situation of Romania in the period 2000-2011

Romania	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Exports of goods and services (% of GDP)	33	33	35	35	36	33	30	31	31	33	23	22
Exports of goods and services (BoP, current mld US\$)	12,1	13,4	16,2	20,6	27,0	32,8	39,2	49,9	62,6	50,5	58,2	73,1
Exports of goods and services (annual % growth)	23	11	17	7	16	4	11	8	19	-12	11	7
Goods exports (BoP, current mld US\$)	10	11	13	17	23	27	32	41	50	41	50	63
Goods imports (BoP, current mld US\$)	12	14	16	22	30	37	47	65	78	50	60	73
Imports of goods and services (annual % growth)	27	17	12	14	18	4	22	27	18	-25	11	7
Imports of goods and services (BoP, current mld US\$)	14	17	19	25	34	43	54	74	90	61	68	83
Service exports (BoP, current mld US\$)	1,7	2,0	2,3	3,0	3,6	5,1	7,0	9,4	12,8	9,8	8,8	10,1
Service imports (BoP, current mld US\$)	1,99	2,15	2,33	2,95	3,87	5,51	7,02	8,91	11,9	10,2	8,22	9,63
Trade in services (% of GDP)	10	10	10	10	10	11	11	11	12	12	11	11

Source: <http://databank.worldbank.org/ddp/home.do?Step=3&id=4>

It is noted that for Romania, exports of goods and services registered annual growth until 2009 when the decline was 12%, with a recovery of 11% in 2010 and 7% in 2011. It appears that if in 2000, Romania exported goods worth 10 billion dollars and imported goods worth 12 billion dollars in 2011,

the value of exported goods was 63 billion U.S. dollars, 10 billion dollars less than they imported.

Also, the services saw increases in both exports and especially in the case of imports and in this case we can say that there is a lack of services in the Romanian economy, imports of services outpacing exports of services with significant values throughout all the period considered. (except for 2007, 2008 and 2011). But comparing the values recorded for export of services and import of goods it can be seen that it is very little, from 10% in 2000 to a peak in 2008, 12% of the total trade in goods and services.

Thus, if in 2000, Romania exported services worth 1,7 billion dollars and imports worth 1,99 billion dollars, in 2011, Romania exported services worth 10,1 billion dollars and import services worth 9,63 billion dollars.

Note that exports of commercial services in Romania are higher than imports of commercial services in 2007 and 2008, aspect which is valid for the other categories of services, too, other than transport and tourism. As of 2009 leadership is taken by imports in services which registered a deficit balance of trade.

For a clearer image regarding trade in services in Romania we present data below:

Table no. 7 - Romania's trade in services with the world in the period 2007-2011

Reporter	Flow	Indicator	2007	2008	2009	2010	2011
Romania	Exports	Commercial services (Services excl. government services)	9383	12761	9777	8748	10188
		Other commercial services (Commercial services - Travel & Transport)	5300	6856	5661	5051	5596
		Commercial services (Services excl. government services)	8749	11693	10106	9373	11112
Romania	Imports	Other commercial services (Commercial services - Travel & Transport)	3945	5611	5866	4940	5737

Source: <http://stat.wto.org/ServiceProfile/WSDBServicePFView.aspx?Language=E&Country=RO,CN>

According to data provided by the WTO in 2011 Romania's foreign trade structure by product category and main partners, is shown in the table below:

Tabel no. 8 - The structure of China's exports and imports by product category and the main partners in 2011

Share in world total exports	0,34	Share in world total imports	0,41
Breakdown in economy's total exports		Breakdown in economy's total imports	
By main commodity group (ITS)		By main commodity group (ITS)	
Agricultural products	11	Agricultural products	9,4
Fuels and mining products	9,7	Fuels and mining products	14,1
Manufactures	78,8	Manufactures	76,3
By main destination		By main origin	
1. European Union (27)	71,1	1. European Union (27)	72,6
2. Turkey	6,2	2. China	4,6
3. Russian Federation	2,3	3. Kazakhstan	4,2
4. Ukraine	1,8	4. Russian Federation	3,8
5. United States	1,8	5. Turkey	3,5

Source: <http://stat.wto.org/ServiceProfile/WSDBServicePFView.aspx?Language=E&Country=RO,CN>

It is noted that in 2011 Romania contributed with 0,34% in total world exports and 0,41% in the total world imports. By the categories of goods, in 2011, Romania exported 11% agricultural products, 9,7% fuels and mining products and 78,8% manufactures and imports 9,4% agricultural products, 14,1% fuels and mining products and 76,3% manufacturers.

As main partners for Romania's trade we noted that both for imports as for exports first is the European Union. On the second place is Turkey at exports which for imports is placed on the 5th place. Russia occupies important places both on export with Romania (3rd place) and in the case of imports (3rd place). China is an important partner, too, placed on the 3rd place on import, while U.S. was on the 5th place for the exports by Romania, namely 1,8% (WTO, 2012)

Romania -China bilateral relationship

It is known that in 1975 were established relations between the European Union (EU) and China which are governed by Economic and Commercial Cooperation Agreement entered into force on 1 October 1985. Since 2007 the two have expressed their desire to expand strategic partnership so the EU and China started negotiations to adapt the requirements to a bilateral agreement on strategic and turn it into a Partnership and Cooperation Agreement. Today statistics show us that the

EU is the largest trading partner of China, while China is the second most important trading partner for the EU.

The Community rules for foreign trade fully apply to commercial transactions between Romania and China. In terms of trade policy, China is in a complex process of harmonization of the national legal framework in line with obligations under the accession to the World Trade Organization (WTO).

Romania is a major outlet for products and services produced on the Chinese market, but about the export of Romanian products in China, we can say that we are ranked only on 78 place in the top regarding the foreign suppliers of products on the Chinese market, representing only 0,05 % of total imports by China. Here is the place of China in Romania's imports :

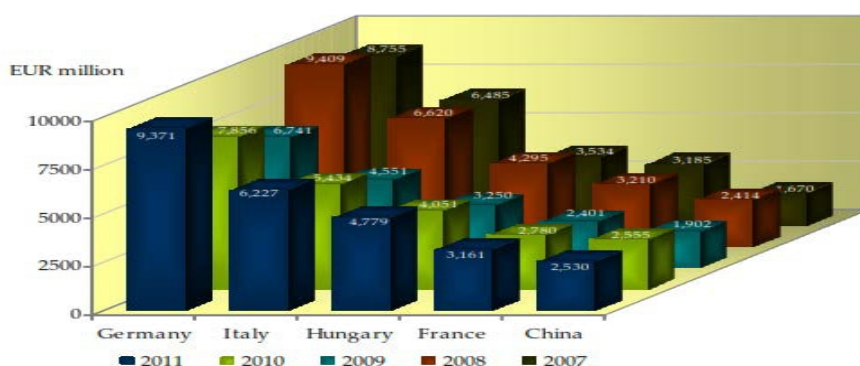


Figure no. 1 - Romania-Imports by main suppliers, 2007-2011

Source: National Institute for Statistics of Romania and Romania Trade and Invest

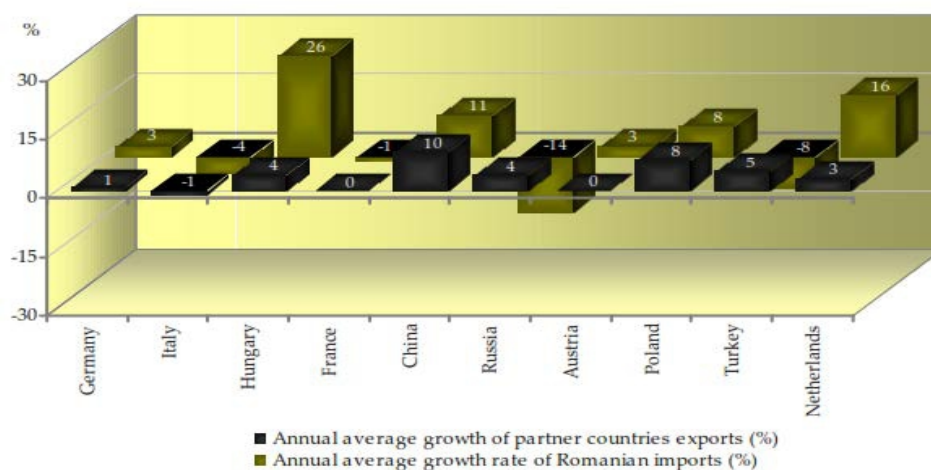


Figure no. 2 - Romania-Imports dynamics from main suppliers, 2006-2010

Source: National Institute for Statistics of Romania and Romania Trade and Invest

To increase their chances of Romanian's products to enter the Chinese market, the Romanian Center for Trade and Investment Promotion (CRPCIS) conducted a study to discover the categories of products that have export potential on Chinese market. Thus it was observed that during the period 2005-2010, the main products exported by Romania on the Chinese market were nuclear reactors, boilers, machinery, machinery and electrical equipment, copper and copper articles, wood, charcoal and articles of wood and apparel and clothing accessories, other than knitted or crocheted, representing 60,1% of Romania's exports to China in 2010.

According to this survey among the top 25 categories of products exported by Romania in China in 2010, the largest decrease was recorded at cast iron , iron and steel products. Also the largest increases were recorded for the following products: fertilizers, ores, slag and ash, optical, photographic, cinematographic instruments, rubber and rubber products, alcoholic and non-alcoholic beverages, vinegar, man-made fibers, discontinuous copper and copper articles and machinery and equipment.

The conclusion reached by the study of the Romanian Center for Trade and Investment Promotion (CRPCIS) is that there are many Romanian products which have export potential for China and Romania must promote and develop the delivery of its products in China, for rising in that way, the market share, as a result. The products listed in the first two categories should be considered among the priority products for Romania's export strategy reformulation on this relationship. Also, the Romanian Center for Trade and Investment Promotion (CRPCIS) recommends , if the conjuncture of fundamental internal and external factor remains , the increasing of the Romanian deliveries for products that have a good and well sustained growth rate in exports to the China's market . It recommends, too, the intensification of the promotion of products whose sales in the Chinese market decreased between 2009 to 2010 and did not follow the trend of recovery in imports realized by China prior to 2009.

Conclusion

Following this analysis, the conclusions that we have drawn are widely accepted by specialists, namely that China's economy is a strong economy that has always kept a balance between the development industry and the tertiary sector without neglecting agriculture. It may be noted that while the developed economies of the world have placed great emphasis on the development of services, China was moderate with that economic sector.

China's economy was affected only slightly during the economic crisis. Throughout the period considered ,GDP recorded a significant growth, tripling in 2011 compared to 2000, rising from 1199 billion dollars in 2000 to 3548 billion dollars, 2011. The existing planned economy in China,

combined with an increase in domestic demand, ensured the propagation of price-value equation, considered an advantage for China compared with developed countries. Not the same can be said about Romania whose unconsolidated market economy has been affected by the economic crisis broken out in 2008 from a services domain, respective from the field of finance and credit.

It can be seen that in Romania, GDP recorded growth between 2000 and 2008 and after that are observed significant decreases. This situation is not similar with the China case. As a difference between the two analysed countries, it is remarkable that China's economy is an economy based on industry and services in the same way, while the Romanian economy model follows EU countries and is based mainly on services.

We also found that although both Romania and China are members of the World Trade Organization (WTO), China's Contribution to WTO budget in the year 2012 was about 7,29%, that is incomparably higher than Romania's contribution which represents only 0,37%. Thus we can say that in world trade in 2011 China was the first exporter of goods and the second importer of merchandise. It also occupies the 4th place in the hierarchy of commercial services exports and 3rd place on commercial services imports. Romania's international trade is not as performant as that of China. Romania occupied only the 53 rank in world trade in 2011 in the case of exports of goods and the 52 rank in exports of commercial services. Regarding the imports of goods, Romania is ranked 41 in world and in the commercial services is on 55 place.

China is one of the main partners of Romania on the market for products and services produced in China, but, about the export of Romanian products in China, we can not say the same, Romania is only ranked in the top 78 foreign suppliers of produce for China, representing only 0,05% of total imports.

But, there is an indicator that can be considered close in value for both Romania and China, namely GDP per capita, which recorded ascent for both economies.

It was found that there are many Romanian products which have export potential in China, and to promote and develop the delivery of Romanian products in China and for an increase in the market share of these products it should be considered among the priority products for export and for reformulating the export strategy of Romania on that relationship. The studies undertaken recently show that it is possible to export products in China like: wine, honey and meat.

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